

**PRIVATE TRADE SCHOOLS, BUSINESS SCHOOLS, AND INSTITUTES**  
**Act 148 of 1943**

AN ACT to provide for the regulation and licensing of proprietary schools in the state; to require surety; to provide for collection and disposition of fees; and to prescribe penalties for the violation of this act.

**History:** 1943, Act 148, Imd. Eff. Apr. 14, 1943;—Am. 1945, Act 181, Imd. Eff. May 16, 1945;—Am. 1957, Act 21, Eff. Sept. 27, 1957;—Am. 1967, Act 210, Eff. Nov. 2, 1967;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

*The People of the State of Michigan enact:*

**395.101 Proprietary school; license; duration; renewal; revocation; granting temporary permit or license to operate proprietary school in conjunction with another business or commercial enterprise prohibited.**

Sec. 1. (1) A proprietary school shall secure from the board a license issued in the form prescribed by the board and in accordance with this act.

(2) A license issued under this act shall be valid for not more than 1 year. If the applicant continues to comply with this act and the rules promulgated under this act, the license may be renewed.

(3) The license may be revoked at any time if, in the judgment of the board, the person to whom the license is issued is not complying with provisions of the law or the rulings of the board.

(4) A person shall not be granted a temporary permit or a license to operate a proprietary school as part of, or in conjunction with, another business or commercial enterprise which utilizes or sells goods or services produced by students.

**History:** 1943, Act 148, Imd. Eff. Apr. 14, 1943;—CL 1948, 395.101;—Am. 1949, Act 258, Eff. Sept. 23, 1949;—Am. 1967, Act 210, Eff. Nov. 2, 1967;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**395.101a Definitions.**

Sec. 1a. As used in this act:

(a) "Board" means the state board of education.

(b) "Person" means an individual, partnership, corporation, association, organization, or other legal entity.

(c) "Proprietary school" means a school that uses a certain plan or method to teach a trade, occupation, or vocation for a consideration, reward, or promise of whatever nature. Proprietary school includes, but is not limited to, a private business, trade, or home study school. Proprietary school does not include the following:

(i) A school or college possessing authority to grant degrees.

(ii) A school licensed by law through another board of this state.

(iii) A school maintained or a program conducted, without profit, by a person for that person's employees.

**History:** Add. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**395.102 Issuance of license; conditions; temporary permit to operate proprietary school; proposal; contents; duration of temporary permit; renewal.**

Sec. 2. (1) A license shall not be issued until the applicant has operated under a temporary permit in a manner satisfactory to the board and until the board has approved the method and content of the advertising, the standards and the methods of instruction, the personnel, and the operating and instructional practices of the school.

(2) A temporary permit to operate a proprietary school may be granted on the basis of a written proposal submitted in the manner and form prescribed by the board. The proposal shall include plans for facilities, instructional procedures, personnel, business standards, and operating and instructional practices which comply with this act and with rules promulgated under this act. A temporary permit issued under this act shall be valid for not more than 1 year. If the applicant continues to comply with this act and the rules promulgated under this act, a temporary permit may be renewed.

**History:** 1943, Act 148, Imd. Eff. Apr. 14, 1943;—CL 1948, 395.102;—Am. 1949, Act 258, Eff. Sept. 23, 1949;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see  
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429, and 431 of 2008

### **395.102a Inspection of proprietary schools; rules; reports; records; fees; board jurisdiction and control over proprietary schools and solicitors.**

Sec. 2a. (1) The board shall provide for adequate inspection of all proprietary schools. The board shall promulgate rules pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.315 of the Michigan Compiled Laws, and employ the personnel necessary to carry out this act. A proprietary school shall submit reports required by the board and shall make available to authorized representatives of the board all records pertaining to the instructional program of the school or to any individual student or enrollee.

(2) The board shall set and collect fees for licenses, temporary permits, and renewals issued under this act. The fees shall be used solely for administrative expenses incurred under this act.

(3) The board shall exercise jurisdiction and control over proprietary schools and solicitors for proprietary schools consistent with this act and Act No. 40 of the Public Acts of 1963, being sections 395.121 to 395.125 of the Michigan Compiled Laws.

**History:** Add. 1949, Act 258, Eff. Sept. 6, 1949;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**Administrative rules:** R 390.561 et seq. of the Michigan Administrative Code.

### **395.102b Evidence of surety; bond; amount; rules; expiration of surety; proof of renewal; failure to submit evidence of surety; applicability of section.**

Sec. 2b. A proprietary school shall provide the board with evidence of surety conditioned to provide indemnification to a student suffering loss because of inability to complete an approved course or program of study due to the closing of the proprietary school. A surety may consist of a bond, the amount of which shall be determined according to rules promulgated by the board. Surety shall expire on June 30 following the date of issuance and proof of renewal shall be submitted to the board prior to the date of expiration. Failure to submit evidence of surety shall invalidate a license to operate a proprietary school. This section does not apply to a proprietary school with a license issued by the board prior to November 2, 1967.

**History:** Add. 1967, Act 210, Eff. Nov. 2, 1967;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** Former MCL 395.102b, pertaining to solicitor's permit for private trade schools and institutes, was repealed by Act 40 of 1963.

For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

**Administrative rules:** R 390.561 et seq. and R 390.671 of the Michigan Administrative Code.

### **395.103 Violation of act as misdemeanor; penalty.**

Sec. 3. A person who violates this act shall be guilty of a misdemeanor, punishable by a fine not to exceed \$1,000.00, or imprisonment for a period not to exceed 90 days, or both.

**History:** 1943, Act 148, Imd. Eff. Apr. 14, 1943;—CL 1948, 395.103;—Am. 1983, Act 60, Imd. Eff. May 20, 1983.

**Compiler's note:** For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.